GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:50
ANSWERED ON:25.11.2005
FOREIGN VEHICLES SEIZED BY DRI
Bhakta Shri Manoranjan

Will the Minister of FINANCE be pleased to state:

(a) whether a huge custom duty evasion racket in imported vehicles including cars has come to the notice of the Government recently;

(b) if so, the details thereof;

(c) the number of cases of duty evasion detected during the last two years in the import of vehicles by DRI;

(d) the number of persons booked and cases registered during this period;

(e) whether some Government agencies are also involved in the racket;

(f) if so, the action taken/proposed to be taken against such government officials; and

(g) the further steps taken/proposed to be taken by the Government to check such irregularities?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI P.CHIDAMBARAM)

A statement is placed on the Table of the House.

STATEMENT IN REPLY TO LOK SABHA STATTRED QUESTION.50

(a) A customs duty evasion racket in imported vehicles including cars has come to the notice of the Government recently.

(b) The Directorate of Revenue Intelligence has recently booked a number of cases wherein vehicles including cars were imported at a concessional rate of Customs duty under the EPCG Scheme for service providers such as hotels, tour operators and companies owing/operating Golf resorts etc. In some cases, the imported vehicles were not put to the intended use of rendering service so as to earn foreign exchange in discharge of the export obligation. Instead, these imported vehicles were given for private use to individuals. In other cases, the EPCG licenses were fraudulently obtained by importers who did not have hotel/tour travel etc business.

(c) The details of the cases of duty evasion in the import of vehicles detected by DRI in last two years are as follows:

61 Vehicles with estimated value of 23.58 crores have been seized by DRI on account of misuse of Export Promotion Capital Goods scheme for service providers.

12 Vehicles with estimated value of 5.77 crores have been seized by DRI on account of evasion of custom duty by way of mis-declaration of the year of manufacture of model number of such vehicles.

(d) During the last two years, three persons have been arrested and seventeen cases have been registered.

(e) In the investigations conducted so far, the involvement of any Government agency has not come to the notice of the Government.

(f) The question does not arise in view of reply to the part (e) above.

(g) The existing policy provisions are being examined by the DGFT for tightening the provisions related to import of cars under the EPCG scheme.